

Service Date: November 30, 1979

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER of the Application of )  
THE MONTANA POWER COMPANY for ) DOCKET NO. 6704  
Authority to Increase Rates and ) ORDER NO. 4545a  
Charges For Natural Gas Service. )

APPEARANCES

FOR THE APPLICANT:

MARK A. CLARK, Attorney at Law, 40 East Broadway, Butte,  
Montana, appearing on behalf of the Applicant

INTERVENORS:

JAMES C. PAINE, Montana Consumer Counsel, 34 West Sixth  
Avenue, Helena, Montana, appearing on behalf of the consuming  
public of the State of Montana

RICHARD F. GALLAGHER, Attorney at Law of the firm of Church,  
Harris, Johnson and Williams, P.O. Box 1645, Great Falls,  
Montana, appearing on behalf of Great Falls Gas Company

JAMES A. ROBISCHON, Attorney at Law of the firm of Poore,  
McKenzie, Roth, Robischon and Robinson, PC, 1341 Harrison,  
Butte, Montana, appearing on behalf of the Anaconda Company

C.W. LEAPHART, JR., Attorney at Law of the Leaphart Law Firm,  
1 North Last Chance Gulch, Helena, Montana, appearing on  
behalf, of Champion International Corporation

FOR THE COMMISSION:

EILEEN E. SHORE, Counsel  
DAN ELLIOTT, Administrator, Utility, Division

BEFORE:

GORDON E. BOLLINGER, Chairman  
CLYDE JARVIS, Commissioner  
THOMAS J. SCHNEIDER, Commissioner  
JAMES R. SHEA, Commissioner  
GEORGE TURMAN, Commissioner

FINDINGS OF FACT

1. On August 10, 1979, The Montana Power Company made

application to this Commission for authority to increase rates in order to offset the effect of an increase in the border price of Canadian Natural Gas to \$2.80 per MMBtu.

2. Based on the gas supply source mix employed by the Commission in Order Nos. 4521 and 4521A, the annual impact on Montana Power Company's natural gas utility operations produced by the increased border price is \$12,444,000.

3. The application utilizes the rate base, rate of return, natural gas supply mix and expenses, other than those affected by the increased border price, which were utilized in the Commission's Order Nos. 4521 and 4521A.

4. The application included a Motion for Temporary Rate Increase and a Motion for Waiver of Filing Requirements.

5. On August 13, 1979, the Commission granted Applicant's Motion for Waiver of Filing Requirements.

6. A Notice of Prehearing Conference in this Docket was issued on August 13, 1979. At the conference, held August 24, 1979, it was agreed by the parties that a formal schedule for discovery was not necessary.

7. On August 20, 1979, the Commission authorized an Interim Rate increase in Order No. 4545.

8. The Montana Consumer Counsel, Anaconda Company, Great Falls Gas Company, District XI Human Resource Council and Champion International Corporation were admitted as intervenors in Docket No. 6704

9. A notice of public hearing was given on September 27,

1979.

10. On November 1, 1979 at 10:00 a.m. pursuant to the notice, a hearing was held at the Commission's offices in Helena to receive evidence and allow cross-examination.

11. Montana Power Company witnesses Joseph A. McElwain, Donald K. Percival and J. F. Doran prefiled testimony in this preceding and were cross-examined on their testimony at the hearing.

12. No other parties to this preceding sponsored witnesses.

13. No proof was offered that the Applicant is not in fact paying the applied for amount in increased Canadian gas costs; nor was proof offered that the Applicant is not conforming to Order No. 4521A, Docket No. 6618 in the matter of other ratemaking revenues, expenses, rate base, rate of return, and rate structure.

14. Attorney James F. Robischon, appearing on behalf of the Anaconda Company, moved to dismiss the application insofar as it contains an increase in transmission losses and company use which interfere with the contract rights between Anaconda and MPC. Attorney C. W. Leaphart, Jr., appearing on behalf of Champion International, joined in the motion. The Commission finds the motion to be without merit and it is, therefore, denied. In this context, the Commission refers to pages 2 and 3 of the Notice of Public Hearing:

In considering this case, the Commission may examine all matters pertinent to Applicant's natural gas operations, including, but not limited to, rate base, rate of return, expenses, revenue requirements and rate designs. However,

because the Commission has recently completed an inquiry into all such matters, and because of the limited basis of the application, the Commission plans not to expand the hearing to include matters other than the impact of the change of the border price, except upon a showing of good cause.

The Anaconda Company has failed to make the requisite showing of good cause.

15. In addition, the Anaconda Company has not demonstrated that transmission losses and company use are inappropriately allocated.

#### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over parties and proceedings in this matter.

2. The rates authorized are just and reasonable.

#### ORDER

1 The rates increase authorized by Interim Order No. 4545 is to continue as a final order in this Docket

2. The increased rates shall be collected upon a constant, uniform cents per Mcf basis.

3. All motions and objections not specifically ruled upon are hereby denied.

DONE IN OPEN SESSION at a meeting of the Montana Public Service Commission held on November 19, 1979, by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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Gorden E Bollinger

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George Turman

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James R. Shea

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Thomas J. Schneider

ATTEST:

Madeline L. Cottrill

Secretary

(SEAL)

NOTE: You are entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order . if a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.